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Economic losses suffered by Holland as a...

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ECONOMIC LOSSES SUFFERED BY HOLLAND AS A CONSEQUENCE OF THE WAR.

The widespread opinion to the effect that Holland greatly enriched herself by the war has been readily accepted in all belligerent countries. The Netherlands are said to have gained immense wealth by staying neutral and thereby being able to trade profitably with all participants in the great war.

It is evident that such notions ultimately must seriously hurt Dutch interests in foreign countries, if these persist in considering Holland as a country which waxed rich while other nations were ruined in the world struggle. It is therefore of importance to quote such statistics as may give a survey of the economic losses actually suffered by Holland.

It will then be evident that precisely in Holland, on account of her geographical situation and economical position, the pressure and the evil effects of the war have been very seriously felt, probably more than in any other neutral country.

On the mainland, Holland, during the greater part of the war was entirely surrounded by territory in the hands of one of the belligerents while the Northsea formed, more than any other sea, part of the war zone.

The prosperity of Holland's densely crowded population (180 inhabitants per square Kilometer) depends more than in any other country upon an uninterrupted international intercourse, on account of her situation on the most navigated sea on earth, with harbours at the mouths of the great rivers, and connections by means of excellent waterways with the great Central European countries; also on account of the fact that for many centuries Holland has been a worldmarket for various important overseas products, and possesses large colonies, which are economically well developed.

International intercourse however was badly interfered with, on sea as well as on land, by the war; soon after the beginning of the struggle it only could be kept up to a small extent and with great difficulties and at last it practically came to an end.

In 1913 shipping in the ports of Holland amounted, totally, to 36.229.000 register tons (netto) whereas in 1918 this figure had shrunk to 3.363.000.

Traffic in the port of Amsterdam decreased from 2597 in 1913 to 378 ships in 1918, and at Rotterdam from 11.285 to 1181 ships. In the number of ships given last those of the Belgian Relief are included. Rhinetraffic also was reduced considerably. In 1913 1712 Rhineships

arrived in Amsterdam, measuring 1.168.614 tons; in 1918 only 695 ships measuring 490.732 tons.

The pilotage charges, amounting in 1913 to 3.724.999 guilders, in 1918 did not exceed 283.000 guilders.

The figures quoted above clearly show that the business of the port itself was greatly diminished and this is further proved by the great reduction in the average number of dock labourers daily employed at Rotterdam and Amsterdam. In 1913 these numbers amounted to 6414 for Rotterdam and 1865 for Amsterdam, in 1918 they had become 995 and 726 respectively. A serious amount of unemployment was the result. This did not limit itself to the labourers referred to above, but also spread to employees of shipping firms and export companies. The shipping firms themselves, the firms receiving goods on consignment and commission, the brokers, the middlemen who trade with foreign countries and numberless others whose living depends on enterprises directly or indirectly connected with shipping, were all affected.

The influence of such a reduction in the amount of shipping is naturally not only felt in the business of the port, but also by trade in general.

As a consequence of the very many regulations issued by both belligerents during the years of war in regard to Holland and her commerce, measures which were intended to hurt the enemy, but which made a victim also of neutral Holland, Dutch foreign trade, as far as it had been — less and less — possible to keep it up, became entirely disorganized. Repeatedly cargoes, loaded at a time when no objection to their transportation could be expected, did not reach their destination because difficulties had arisen meanwhile and ships and cargoes were detained indefinitely, so that often further transportation became impossible and the cargo had to be sold at a loss; not to mention the direct costs occasioned by the delay. Even the direct communication between Holland and its overseas possessions gradually diminished and finally came practically to a stop. For instance, the number of ships arriving at Rotterdam from Asia (principally from the Dutch East-Indies) in 1913 amounted to 186, in 1914 to 143, in 1915 to 74, in 1916 to 56, in 1917 to 8, while in 1918 none arrived. In 1913 Dutch East-Indian Government products, sold in Holland by auction, brought 39.801.000 guilders and in 1917 only 3.695.000. In 1913 100.635 tons of copra were imported into Holland, in 1917 33.076, and in 1918 only 107 tons.

Dutch colonial trade with other countries also was badly hit and many saw their earnings materially reduced.

Netherland East-Indian firms in many instances suffered great losses because of the fact that immense amounts of perishable goods waited in vain for shipping space. It also seems probable that on account of changes occasioned by the war Amsterdam and Rotterdam as markets for various colonial products will diminish in importance and a permanent loss will result.

It is hardly possible to give statistics regarding losses suffered by foreign trade. A few figures however may be quoted. For instance in 1913 import duties amounted to 17.022 000, in 1918 to over 8 million guilders less, and 2½ million guilders less than in 1917.

Domestic trade also badly suffered because of the heavy reduction or practical stoppage of imports.

It is self-evident that together with these losses gains have occurred, but if the matter is further looked into, it appears that generally such gains, although more obvious, remain below the losses, to which latter little reference is made however real they are.

It is true that in Holland, like in other countries, belligerent as well as neutral, unusual profits have been made by many individuals and in certain kinds of business; it is true, that, consequently, in common with other countries, Holland had the doubtful privilege of seeing a number of newly-rich arise, but the very great majority of those connected with various kinds of business have suffered losses, and, generally speaking the country has been impoverished.

Furthermore, when considering the different branches of industry which made important profits during the war, it will be found that not only were such gains temporary and often followed by serious losses, but also that they were accompanied by disadvantages which in many respects outweighed the profits which had been made.

A characteristic illustration may be found in the shipping business. When comparing the exchange quotations of shipping stocks and the dividends paid during the war one is forced to conclude that the Dutch shipping interests have largely profited by war conditions. It is true that at no time of their former history the various enterprises in this line of business made such profits as they did during the past few years.

However, together with these profits should be considered the losses to the Dutch merchant fleet during the war, consisting of 79 steamships and 55 sailing vessels, totalling 208.700 register tons grossweight, and 15 steamships out of those requisitioned or held up by the Allies, amounting to 38.648 tons, a sum total of 247.348 tons, representing 22.38 pCt. of the fleet in 1913. And so, even if the financial results have been favorable for a number of shipping firms during the war, the merchant fleet itself suffered great losses and the economic recuperation of the country will take so much longer.

Also, the diminution of navigation, due to the compulsory laying up of a great many ships during a considerable period of time and the holding up of our ships in foreign countries, caused a reduction of business in all undertakings connected with shipping, and in some cases an entire suspension.

With regard to agriculture it has also been said by superficial onlookers that large profits have been made in Holland. It is true that in some branches of agriculture, particularly in those on clay soil, good

financial results were obtained and even that large profits were made during the first years of the war; on sandy soil however, because of the lack of fertilizers, the results were much less satisfactory, and in some instances decidedly poor; while, because of the requisitioning of the rye crop which formerly was used for fodder, together with the lack of foreign fodder, a reduction in the number of cattle kept became necessary. As a consequence, and also in connection with the lack of fertilizer exhaustion of the soil occurred; this branch of agriculture, occupying a large part of the soil of the country, has been seriously affected, and its future is for years to come uncertain.

Many trades connected with agriculture have furthermore, not only not shared in such profits as were made, but have, generally speaking, suffered severe losses. For instance, the local corn trade was totally paralyzed, as was the trade in cattlefodder; the milling business suffered severely; the stock of poultry to a large extent and of pigs to a lesser degree had to be killed off in order to save food for the larger and more valuable kinds of cattle.

There is no doubt whatever but that the cattle raising business which precisely in Holland constitutes so important a source of prosperity now finds itself in a much less flourishing condition than before the war and that many years will elapse before it shall have regained its full development.

Also, in horticulture, conditions are far from rosy. The tree- and plant-nurseries, specifically those at Boskoop, have suffered very seriously, and still suffer because of import-prohibitions in various countries where they used to find a ready market. The bulb-growing business also had to contend with many difficulties.

Concerning the fisheries it may be said that during certain periods profits were made and that war conditions proved favorable to them. But there were other periods during which the sea-fisheries were doomed to practical inactivity. Furthermore not less than 135 fishingboats, plying their useful trade upon the ocean, were sunk, and many fishermen perished. Also, many articles required for the fishing were difficult to obtain and exceedingly expensive; England and Germany, by means of a number of regulations interfered with the freedom of taking and selling fish, while during the latter part of the war the fishing fleet had to be laid up partly through lack of coals and partly on account of the many and serious dangers at sea. As a consequence a great deal of unemployment occurred among those who are directly or indirectly connected with the fishing trade.

Financial and stockbroking activities were also seriously interfered with by the war both directly and indirectly. Dutch holdings greatly depreciated. A striking illustration of the loss suffered by Netherland holders of foreign stock is given in the case of Russian bonds in Dutch hands. In April 1918 the nominal worth of these Russian bonds amounted to 941 million guilders. Additional Netherland interests in Russia represented a value of 165 million guilders, all of which may be considered lost.

The losses suffered by Dutch stockholders through the course of events in Central Europe have not as yet been calculated, but the loss in Hungarian stock alone is unusually large, these having made a popular form of investment in Holland previous to the war.

It is self-evident that also the sums owned to Holland in the Central-European countries have been very unfavorably affected by the movements of the exchanges. The same is the case with the large credits which Holland during the war has been compelled to extend to Germany, among other reasons in order to obtain the necessary coal which could not be brought from overseas, or only in entirely insufficient quantities.

As to industries proper, which in Holland are for the greater part dependent upon the importation of raw and auxiliary material and machinery from foreign countries, the general situation during the war was as unfavourable to these as it was to trade.

On the one hand, because of the system of limitation of exports adopted by the Allied Governments, many of the industries could only work under heavily restricted capacity. In addition to this many industries had to be stopped periodically because of the compulsory holding up of materials after their arrival in Holland. It was generally also extremely difficult, when not quite impossible, to obtain the material required from the Central-European countries. The difficulties in obtaining coal and in importing lubrication oils, motoroils and other articles essential to industry, have also to be taken account of; in many cases they caused stoppages which in their turn reacted upon the economic life of the country. Also, more and more markets were closed to our export-industries because of the ever-increasing foreign import-prohibitions and the export-prohibitions at home, often adopted by the Netherland government under outside pressure. As a consequence production had to be greatly reduced; Dutch articles were supplanted on existing markets by those from other countries; at the same time, because of war conditions, it was impossible for Dutch producers to seek new markets

A consequence of these conditions has been the discontinuation of various industries for periods of shorter or longer duration, and the dismissal of all or part of their employees, leading to more unemployment.

Other businesses, of which the direct losses were not so large that a dismissal of their employees became necessary, have continued to pay their labourers and their office staff, thereby sacrificing such profits as they might have made during more favorable periods.

In addition to direct financial losses and a great reduction in the amount of production, the industrial balance must be debited to a large extent with the loss of valuable connections in foreign countries, a loss which is being keenly felt now that the war is over and which will not be made up for until after the lapse of many years and through great efforts.

It is apparent that an industry which for four years has suffered a

woeful lack of raw material, which, only irregularly and with the greatest difficulty could procure the necessary fuel to keep its machinery going, which had to raise wages very materially and saw at the same time diminish the domestic demands for its products, and which found foreign markets closed to a large extent, must have suffered inestimable losses. Even now, after the cessation of hostilities, in many industries little improvement is hoped for.

Eloquent figures illustrating the privations suffered by the people of Holland as a consequence of the interference with trade and industry by the war are those taken from the book of the Royal National Committee of Assistance, which Committee paid out over 38.823.000 guilders from August 1914 to Dec 31 1918 in support of persons rendered indigent as a consequence of the war.

It should further be taken into consideration that the State allocated a total amount of 335 millions towards the expenses of the foodsupply, to which amount a sum of over 87 millions should be added for the assistance of the needy, and for the combating of unemployment (figures up till 1918, inclusive).

The disadvantages connected with the keeping under arms of the able-bodied part of the male population for over four years cannot be expressed in figures. Nor can this be done with the loss suffered by a great number of those who were called up to enter the army, and whose studies were interfered with, or whose capacity for regular work has suffered and for whom it has become difficult to find proper and well-paid employment.

The most important single item of the „crisis expenses" undoubtedly was that which came under the head of „cost of mobilization", amounting (till the end of 1918) to over 1 milliard and 33 millions, bringing the government expenses due to the war to a total of 1.493.084.392,94 guilders.

Nearly 500 millions of this amount have been raised by direct taxes, while one milliard and a hundred millions were obtained by loans. For the covering of extraordinary expenses yet to be incurred, also in connection with the demobilization, for which 86 millions have already proved necessary, this debt inevitably will have to be increased to 1 milliard and 500 millions, an amount which will necessitate a yearly allocation of 100 millions to the payment of interest and amortization, in order to pay off the debt in 20 to 25 years. As a consequence, the taxes per capita will be raised to 73.38 guilders; a per capita increase of 158 pCt. compared with 1913. The amount which now must be raised in taxes may be put down in round figures at 500.000.000 as compared with something over 176.600.000 in 1913.

The finances of the Dutch East-Indies were also badly effected by the war, expenses increasing considerably and revenue decreasing. For instance, during the war an additional amount of 22 millions had to be spent on the army; government industries required an increased outly of 26 million

guilders, while the receipts from them during the years of the war totalled 21 million guilders less than the average of 1910—1913, and while import duties during the years 1915—1918 decreased by a total sum of 45 million guilders.

The indirect losses suffered by the Netherland colonies on account of the interference with the means of communication are as yet only partly known.

Finally a word with regard to the expenses which the Netherland Government have encountered in extending hospitality to the emigrated civilian population of Belgium, sheltered in Holland at government cost. These charges came to 35 million guilders and it should be kept in mind that contrary to the case of the payments made for the interned soldiers the moneys spent on behalf of these Belgian fugitives will not at this or any other time be charged to the Belgian Government.

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